



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 26 2005

Paula Doughty
Kennecott Utah Copper
8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044-6001

Subject: Formal Approval of Amended Large Mining Operations and Increased Reclamation Surety, Kennecott Utah Copper, Copperton Concentrator 4th Line Mill Line Expansion Project, M/035/011, Salt Lake County, Utah

Dear Ms. Doughty:

On September 6, 2005, the Division formally approved the rider issued by St. Paul Fire & Marine Insurance Company increasing the surety for the Copperton Concentrator to the new amount of \$8,720,600 (copy of rider enclosed). This brings the total surety for the Copperton Concentrator 4th Line Mill Line Expansion Project to \$10,294,700 (this surety plus a \$1,574,100 Letter of Credit).

The Division hereby grants its final approval of your amended notice for the addition of a pebble crushing and conveying facility for the Copperton Concentrator.
You may now begin operations as outlined in your amended Notice of Intention.

We have enclosed a copy of the amended Notice of Intention which has been stamped "approved" for your files. If in the future you wish to modify your mining and reclamation plan, please furnish a redlined and strikeout version of the page(s) you wish to change. When the changes reach final approval, a clean version of the pages will need to be submitted to be incorporated into the approved plan.

Thank you for your help in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:DJ:jb
Enclosure: "approved" Amended Plan, surety rider
O:\M035-SaltLake\M0350011-Copperton\Final\Apvl-amend-10262005.doc



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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director
JOHN R. BAZA
Division Director

September 6, 2005

R. S. Light
Kennecott Utah Copper Corporation
P.O. Box 6001
Magna, Utah 84044-6001

RECEIVED

SEP 21 2005

MINING

Subject: Addendum to Reclamation Contract, Kennecott Utah Copper Corporation, Copperton Concentrator 4th Line Mill Line Expansion Project, M/035/011, Salt Lake County, Utah

Dear Mr. Light:

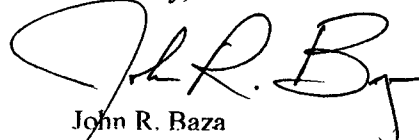
On August 23, 2005 the Division received a surety bond rider issued by St. Paul Fire and Marine Insurance Company, bond number _____, incorporating the following revisions:

- **US Dollar Amount increase of \$120,600 (from \$8,600,000 to \$8,720,600).**

Note: The cumulative bond total is \$10,294,700 - \$8,720,600 Surety and \$1,574,100 Letter of Credit.

This letter serves as acknowledgment and approval of the rider. The changes are hereby incorporated as part of the State of Utah Division of Oil, Gas, and Mining Reclamation Contract executed June 25, 2004. To the extent the form and surety amount of this letter conflict with any form and surety amount of the Reclamation Contract, these terms shall control. All other terms of the Reclamation Contract not modified by this letter will remain the same.

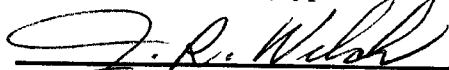
Sincerely,


John R. Baza
Director

Please acknowledge and return this letter with original signatures to the Division in the enclosed envelope.

Nothing herein contained shall vary, alter or extend any provision or condition of the Reclamation Contract and surety except as herein stated. Kennecott Utah Copper acknowledges and accepts the revision and incorporates them into the June 25, 2004 Reclamation Contract.

ACCEPTED BY: J.R. Welch
Authorized Officer (Typed or Printed)


Officer Signature

Treasurer
Position

15 Sept 2005
Date

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1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

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SURETY RIDER

COPPERTON 4th LINE
PERMIT NO. M/035/011

To be attached to and form a part of

Bond No.

Type of Mine Closure/Post Closure Reclamation-Copperton 4th Line Permit #M/035/011
Bond:

dated
effective **December 14, 1998**
(MONTH-DAY-YEAR)

RECEIVED
AUG 23 2005
DIV OF OIL GAS & MINING

executed by **Kennecott Utah Copper Corporation**

, as Principal,

(PRINCIPAL)

and by **St. Paul Fire and Marine Insurance Company**

, as Surety,

(SURETY)

in favor of **State of Utah**

(OBLIGEE)

In consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

The pebble grind modification is increasing the amount of the bond from \$8,600,000 to \$8,720,600.

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider is effective **June 09, 2005**
(MONTH-DAY-YEAR)

Signed and Sealed **August 16, 2005**
(MONTH-DAY-YEAR)

By:

(PRINCIPAL)

VICE PRESIDENT AND CFO

TREASURER

Kennecott Utah Copper Corporation
(PRINCIPAL)

St. Paul Fire and Marine Insurance Company
(SURETY)

By:

Joy M. Williams, Attorney-In-Fact

ATTEST:

[Signature]
SECRETARY

POWER OF ATTORNEY



Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 24574

Certificate No. 2405578

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

Joseph R. Poplawski, Joy M. Williams, Elizabeth A. Hartzberg, Debra Elaine Clark and Carolyn E. Wheeler

Knoxville

Tennessee

of the City of _____, State _____, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 9th day of February 2005.

Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.



John F. Simanski, Jr.
JOHN F. SIMANSKI, JR., Vice President

Robert P. McGuire
ROBERT P. MCGUIRE, Assistant Secretary

State of Maryland
City of Baltimore

On this 9th day of February 2005, before me, the undersigned officer, personally appeared John F. Simanski, Jr., and Robert P. McGuire, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 1st day of July, 2006.



Rebecca Easley-Onokala

REBECCA EASLEY-ONOKALA, Notary Public

IMPORTANT DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of covered losses caused by certain acts of international terrorism. We are providing you with this notice to inform you of the key features of the Act, and to let you know what effect, if any, the Act will have on your premium.

Under the Act, insurers are required to provide coverage for certain losses caused by international acts of terrorism as defined in the Act. The Act further provides that the Federal Government will pay a share of such losses. Specifically, the Federal Government will pay 90% of the amount of covered losses caused by certain acts of terrorism which is in excess of an insurer's statutorily established deductible for that year. The Act also caps the amount of terrorism-related losses for which the Federal Government or an insurer can be responsible at \$100,000,000,000.00, provided that the insurer has met its deductible.

Please note that passage of the Act does not result in any change in coverage under the attached policy or bond (or the policy or bond being quoted). Please also note that no separate additional premium charge has been made for the terrorism coverage required by the Act. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium, and is no more than one percent of your premium.

KENNECOTT UTAH COPPER CORPORATION

SECRETARY'S CERTIFICATE

As Secretary of Kennecott Utah Copper Corporation, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 3 February 2005, which resolutions have not been amended and remain effective on this date:

ADOPTION OF RESTATED BANKING RESOLUTIONS:

IT IS RESOLVED that either the President and Chief Executive Officer, the Vice President and Chief Financial Officer or the Controller **together with** the Treasurer or any Assistant Treasurer are authorized to:






- (i) establish and close bank accounts, brokerage accounts and lines of credit in the name of the Corporation;
- (ii) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to sign checks, drafts or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority, which authorized signatures may be affixed to any check or other instrument for the payment of money by printing, facsimile stamp or any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee or agent whose name is affixed;
- (iii) make and direct investments of funds including specifically, but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and the closure of such accounts;

- (iv) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and
- (v) execute, in the name of the Corporation, such bonds, guarantees, letters of credit and other types of indemnification agreements as they deem advisable;

and it is further

RESOLVED that the above Restated Banking Resolutions supersede all banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
W. H. Champion	President and Chief Executive Officer	
R. S. Light	Vice President and Chief Financial Officer	
J. A. Combes	Controller	
J. R. Welch	Treasurer	
M. D. Edmonds	Assistant Treasurer	

DATED AND SEALED this 16th day of AUGUST 2005.


SHANNON S. CROMPTON

